Instructions for Preparing the Decision Packages

2006-2008 Biennial Budget

Department of Planning and Budget

August 2005

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Section 1 - Overview

This section summarizes the overall requirements for budget submissions for the Governor's Executive Budget for the 2006-2008 biennium.

These instructions describe how to develop decision packages for your agency's budget requests. They apply to all state agencies and institutions of higher education.

Decision packages must be submitted to DPB by September 15, 2005. Your agency's total final budget request for the 2006-2008 biennium is the sum of your base budget submission, base adjustments, technical adjustments, and any decision packages that you submit.

Key dates calendar

Below is a calendar of key budget development dates for the 2006-2008 biennium:

Submission	***Date Due to DPB***
Strategic Plan and Service Area Plans	July 15, 2005
Base Budget	August 1, 2005
Base Budget Adjustments	August 1, 2005
Technical Adjustments	August 1, 2005
Decision Packages	September 15, 2005
Legislative reporting forms	September 15, 2005
Revised Strategic Plan and Service Areas Plans	September 15, 2005
Nongeneral Fund Revenue Estimates	September 15, 2005

The Governor will submit his 2006-2008 biennial budget to the General Assembly on December 16, 2005.

Terms used in these instructions

- **FY 2006** means the fiscal year beginning July 1, 2005, and ending June 30, 2006.
- **FY 2007** means the fiscal year beginning July 1, 2006, and ending June 30, 2007.
- **FY 2008** means the fiscal year beginning July 1, 2007, and ending June 30, 2008.
- **2004-2006 biennium** refers to the two-year period including FY 2005 and FY 2006, which begins July 1, 2004, and ends June 30, 2006.

- **2006-2008 biennium** refers to the two-year period including FY 2007 and FY 2008, which begins July 1, 2006, and ends June 30, 2008.
- **2008-2010 biennium** refers to the two-year period including FY 2009 and FY 2010, which begins July 1, 2008, and ends June 30, 2010.
- **2010-2012** biennium refers to the two-year period including FY 2011 and FY 2012, which begins July 1, 2010, and ends June 30, 2012.
- **2005 Appropriation Act** refers to Chapter 951, 2005 Acts of Assembly.
- **Legislative Appropriation** refers to the dollar amounts and positions contained in the 2005 Appropriation Act.

Highlights of 2006-2008 submissions

The process of developing decision packages for the Governor's 2006-2008 budget will be similar in many ways to the last few years. Decision packages are budget submissions proposing any changes to your agency's base budget not included in your base adjustment or technical submissions. Decision packages are due to DPB by September 15, 2005. The submission includes two major components: a narrative justification and a data submission.

Here are the key highlights of the budget process for 2006:

- **Narrative justifications**. For each individual decision package your agency submits, you must prepare a narrative justification on Form NJ. (This form can be downloaded from the DPB website, and must be submitted in electronic format.) See Section 3 of these instructions for details about preparing the narrative justification.
- **Data submission**. The data submission is an electronic submission through WebBEARS that allocates the resources for each proposed decision package among the affected programs/service areas and objects/subobjects for each year of the 2006-2008 biennium. See Section 4 for details on preparing the data submission.
- **Out-year costs**. Section 2.2-1503.1 of the Code of Virginia mandates that the Governor provide six-year spending estimates. As a result, you will be asked to provide a six-year estimate of costs for all decision packages. Form OYF is to be used to record any items for which you anticipate costs in the 2008-2010 and 2010-2012 biennia for which you are not submitting a decision package. For example, a new building coming on-line in November 2010 may require additional funding to cover operating costs. This supplemental funding would not have been requested in any of your 2006-2008 decision packages.
- **Information Technology (IT) submissions**. Agencies may submit an IT amendment package for a major IT project only if the proposed project was identified in the Agency IT Strategic Plan for 2006-2008 and included in the September 1 report to the Governor and General Assembly entitled, "Recommended Technology Investment Projects (RTIP) for the 2006-2008 Budget Biennium, September 1, 2005 Submission". An agency may submit an amendment package for any non-major IT project only if it was also identified as a project in the Agency IT Strategic Plan for 2006-2008. Inclusion of an agency project in the September 1 RTIP report is not assurance that it will be funded. For those projects requiring funding, agencies must submit a budget request for the project to be considered for inclusion in the Governor's 2006 Executive Budget.

- **Submission of rate adjustments**. If your agency has an internal service fund and proposes an adjustment in the rates it charges other state agencies for specific services covered by that fund--such as telecommunications, office space rentals, or insurance coverage, you must supply DPB with the information outlined in "Rate adjustments by central service agencies" in this section of these instructions. In addition to any supplemental format that you wish to provide such as spreadsheets, this submission must be made on a Rate Adjustment Narrative Justification (Form RANJ), which is described in detail in Appendix D of these instructions. In addition to completing the Form RANJ, the central agency needs to provide a spreadsheet showing the 2006-2008 impact by fiscal year over existing rates for each affected state agency.

Number of submissions. Your agency will be required to make an electronic submission to DPB for all proposed decision packages. No hard copies are needed.

If your agency has no proposals

If your agency has no decision package requests for the 2006-2008 biennium beyond the base budget adjustments and technicals you submitted in August, no further submission is necessary. Note, however, that even if your agency has no decision packages for the 2006-2008 biennium, it will still be necessary to submit a form for Out-Year Estimates (Form OYF) or a form for Rate Adjustments (Form RANJ).

Service Area and Expenditure Structure

You will need to refer to the new Service Area and Expenditure Structure in making your budget submissions. These documents, revised in July 2005, are now available on DPB's web site and can be downloaded at (http://dpb.virginia.gov/forms/forms.cfm).

Section 2 - Decision Packages

General information

This section provides general information about the decision package submission due to DPB on September 15, 2005. Your agency's decision package budget submission includes two major elements:

1. **Narrative justifications** (one for each proposed decision package). *See Section 3 for specific details about the narrative justification.*
2. **WebBEARS data submission.** *See Section 4 for more on preparing the data submission.*

What is a decision package?

A "decision package" is a proposal to modify your agency's 2006-2008 base budget or to modify language in the 2005 Appropriation Act.

Each decision package should cost out and justify one budget action. The action proposed in each decision package should be a discrete unit that can be evaluated on its own merit, independently of any other proposals. Under certain circumstances, several strategies or actions may be tightly interrelated and cannot be viewed independently. If so, they may be grouped together in one decision package.

Your agency should submit a decision package for:

- Any action that your agency proposes to take in the 2006-2008 biennium that reflects a net savings of dollars or positions, or that reflects a net cost in dollars or increase in positions.
- Any action that your agency proposes that has a significant policy or budgetary impact.
- Proposed changes to language in the 2005 Appropriation Act.
- Any budgetary impact associated with legislative proposals.

Crosscutting issues for higher education

For institutions of higher education, crosscutting issues (base adequacy funding, faculty salaries, enrollment growth, higher education equipment trust fund, and student financial assistance) will be addressed centrally. If your institution has any unique situations related to these issues, you may submit a separate decision package to address your concerns. All other issues for institutions of higher education should be submitted as separate decision packages including requests to support operating and maintenance of new facilities.

2006-2008 decision package categories

You must identify each decision package by a short descriptive title beginning with an action verb (no more than 100 characters long) and a unique package number. Assign the numbers according to the categories below. Here are some guidelines about assigning number categories:

- Use the number series assigned to the category that most closely defines the proposed strategy. Use only one category for each decision package.
- If your agency has more than one decision package within a category, assign the numbers for each decision package sequentially. Start with 300 (or 400, or 500, etc, according to the category) and continue sequentially with 301, 302, etc. within each category.

- For each proposal, be sure to use the same number on the Narrative Justification (Form NJ) and in the WebBEARS data submission (where it is called the "addenda" number).
- Consult your DPB budget analyst if you have questions about which category to use.

Number Series	*Category Definition*
001-199	**RESERVED FOR DPB USE**
200-299	**Technical adjustments.** This category is for technical or housekeeping adjustments that do not have a budget impact or do not involve policy decisions, such as to shift funds or positions between programs or subprograms or to appropriate additional nongeneral fund revenue (such as a federal grant that is more than originally anticipated or will continue for an additional year). ***All technical adjustment submissions should have been made to DPB on August 1.***
300-349	**Emergencies.** The request is essential to prevent or eliminate an immediate threat to life, safety, health, or property.
350-399	**Mandates.** The request is necessary to meet the requirements of a state or federal law or a court order. (Note: The definition of "mandate" is restrictive.) Requirements of state or federal regulations are not considered mandates per se. If a regulation or legislation simply enables or authorizes an activity but does not require it, the activity is not considered a mandate. This category should be used only if there is absolutely no alternative but to fund the request. It is anticipated that very few, if any, requests will fall within this definition.
400-499	**Unanticipated and unavoidable cost adjustments.** This category is for increases or decreases in your agency's budget to reflect cost adjustments involving existing services *or* for adjustments to the rates charged by central service agencies for services used by other state agencies. (Note: This category is NOT for budget proposals involving a change in the scope of services or the way your agency delivers services or does business.)
500-599	**Caseload or workload adjustments**. This category is for routine changes, either increases or decreases, in your agency's budget to reflect cost adjustments involving changes in workload or client load. (Note: This category is NOT for budget proposals involving a change in the scope of services or the way your agency delivers services or does business.)
600-649	**Reorganizations.** This category is for proposals to transfer a program, service, or activity to another government entity (local, state, or federal), or to privatize. This category is for operational or organizational changes that will result in long-term cost-savings or benefits to the Commonwealth such as consolidating organizational units. This category is also for proposals that involve any agency reorganization that produces a need for additional agency resources (either funds or positions), or involves a policy issue. Examples include creating new organizational units or changing functional program units.

Number Series	***Category Definition***
650-699	**Operational efficiencies and service reductions.** This category is for cost savings or efficiency measures that your agency proposes to implement or for proposals that produce cost savings by reducing the services or scope of services delivered to your agency's customers. Examples include phasing out or eliminating certain administrative activities or positions, reducing or eliminating discretionary expenses (printing, travel, etc.), or decreasing or eliminating current services.
700-724	**Information technology.** This category is for proposals for information technology resources, including hardware, software (whether commercial packages or custom-developed), telecommunications equipment, or services, and any related consulting, training, or support/maintenance services.
725-799	**Other spending or initiatives.** This category is for any other proposals for additional resources for new or expanded services.
800-824	**Position level changes only.** This category is for changes (increases or decreases) to position levels that have no other impact on appropriated amounts. (Note: transfers of positions between agencies should be requested using the 600-649 amendment series "reorganizations.")
825-899	**Appropriation Act language only.** This category is for proposals to add, delete, or modify language in the Appropriation Act. Proposals in this category should have no impact on the appropriation amounts.
900-999	**Capital projects.** This category is to reflect increases or decreases in appropriations for new or existing capital outlay projects.

Figuring personal services costs

Use the following rates to calculate fringe benefit costs for any positions affected by a decision package:

Subobject	Factor	Annual Cost Factor
1111	**VRS Retirement Contributions**	
	State Employees	8.91%
	Virginia Law Officers Retirement (VaLORS)	21.99%
	State Police (SPORS)	21.49%
	Judges (JRS)	35.55%
1112	**Social Security**	6.20% **capped** at $90,000
1112	**Medicare**	1.45%
1114	**Group Life**	0.80%
1115	**Annual Employer Health Insurance Premiums**	
	COVA Care (Statewide) and Kaiser (Northern VA)	
	Single	$4,080
	Employee Plus One	$7,272
	Family	$10,668
1116	**Retiree Health Insurance Credit Premium**	1.04%
1117	**VSDP & Long-Term Disability Insurance**	
	State employees	1.65%
	State Police	1.65%
	VaLORS	1.65%
1118	**Teachers Insurance and Annuity**	10.40%
1119	**Defined Contribution Plan**	10.40%
1138	**Deferred Compensation Match Payments**	One-half of an employee's contribution per pay period, up to a maximum of $20 per pay period or $480 annually.

Note: Percentage costs refer to percent of salaries. Health insurance premiums are the annual employer dollar cost for an individual.

- **Budgeting for new positions**. The "lag pay plan" passed by the 1997 General Assembly instituted new pay periods and shifted the June 30 pay period to the next fiscal year. For new positions hired at the beginning of the fiscal year, you should assume that the employee would start work on July 10, the first day of the first full pay period. With this start date, only 22 payrolls would be expensed. For all new positions requested, please indicate in the narrative justification the anticipated hire date, career group, role, and pay band. Discuss why the indicated hiring salary was selected. Describe and justify any start date other than July 10.
- **Other personal and nonpersonal services costs.** If your proposal affects positions, make sure that you account for other personal services costs such as overtime payments, wage employment,

and payment of leave balances. Also include any support costs such as office supplies, travel, or equipment needed to support the position(s).

Be sure to detail in the justification the nonpersonal services costs that are included in your request and the methodology for developing your cost estimates. Also note any one-time costs.

Language-only decision packages

Language-only decision packages are those that do not affect dollar amounts or positions, but propose a change in the language to the 2005 Appropriation Act, including changes to language in Part 3 (Miscellaneous) and Part 4 (General Provisions).

Language changes to Chapter 951 for 2006-2008 that are technical in nature, such as updating a Code citation or deleting a completed study requirement, can be handled by contacting your DPB analyst. For these technical changes, you will not need to make a formal submission.

If your agency proposes a change to the language in the 2005 Appropriation Act and the proposed change does NOT affect dollar amounts or positions, you should submit the "Decision Package Narrative Justification (Form NJ)" to explain the intent of your language decision package and why you are proposing it. Use the 825-899 series when assigning a decision package number to language-only proposals. At the end of the form, insert the affected page(s) of the 2005 Appropriation Act showing deletions marked as a strike-through and additions underlined. Chapter 951 language can be downloaded from the Legislative Information System.

Section 3 - Narrative Justifications

Decision package narratives (Form NJ).

The Narrative Justification (Form NJ) is your main tool to explain and justify your budget request so that decision makers can consider the merits of funding it. You must prepare a separate narrative justification for each decision package.

You must use the prescribed format for the Decision Package Narrative Justification (Form NJ). You can download the Decision Package Narrative Justification in a Word file from DPB's web site (go to www.dpb.virginia.gov, then click on the "Documents & Forms" link on the blue column at left, then type in "Decision Package" in the Search window). The narrative justification must be submitted to DPB electronically via e-mail.

Why is the Form NJ important?

Here are some guidelines for submitting this narrative:

- **Quality is important**. The quality of your submission is important. Remember: Decision-makers may have only your narrative justification as a basis for evaluating your agency's proposal. You will need to thoroughly explain what the proposal involves and why the proposal should be funded. Be as thorough and complete as you can. Do not feel constrained by the format for the "Decision Package Narrative Justification." Space is not limited. Feel free to provide all the narrative you think necessary to fully explain each decision package. Be sure to spell check your narrative before submitting.
- **Answer all questions in the required format**. You must respond to all the items in the required format. If an item is not applicable, simply put "N/A."
- **Attach additional information if needed**. Be sure to include with your submission any supplementary documents, background information, or other material you think will support your submission and explain your proposal. If these materials are not available in electronic format, send a hard copy to your agency's DPB budget analyst.

See Appendix A of these instructions for the format of the Decision Package Narrative Justification and specific instructions on filling it out.

Sending the Narrative Justification to DPB

Submit the Narrative Justifications (Forms NJ) in electronic format by September 15, 2005. Submit one Form NJ for each decision package you are proposing, using the file-naming convention prescribed in Appendix A. E-mail your submission to budget@dpb.virginia.gov.

Section 4 - The Data Submissions

Preparing and filing the data submissions

The data submission allocates the resources your agency proposes in each decision package among the programs and service areas (subprograms), major objects or subobjects of expenditure, and funds or fund detail affected for each year of the 2006-2008 biennium. The data submission is also due on September 15, 2005. Your data must be submitted using the web-based system WebBEARS.

Prepare the budget data for each decision package using the unique decision package number you have assigned to it, as a discrete submission even if the request is distributed among several programs and subprograms. Do not combine multiple decision packages or portions of them in your data submission.

Remember, when entering dollars or FTE positions for each proposal, use only the incremental change from your agency's base budget. Do not use replacement amounts.

Specific information about the data submission

Personal services. For all personal services, array your planned expenses for each decision package by subobject detail. You can download the revised Expenditure Structure, dated July 2005, from DPB's web site at http://dpb.virginia.gov/. If the decision package includes any adjustments for turnover and vacancy savings, you may use the following designated convenience codes:

1192	Turnover/Vacancy Faculty Salaries
1193	Turnover/Vacancy Fringe Benefits
1194	Turnover/Vacancy Medical/Hospital Insurance
1195	Turnover/Vacancy Classified Salaries

Do not use any other convenience codes for personal services.

Remember to carry out position requests to two decimal places. Also, positions can be assigned only to personal services subobject codes.

Nonpersonal services. For all nonpersonal services, array the planned expenses by major object of expenditure. Use the designated convenience codes which are listed below (e.g., for your expenses in the 1200 major object of expense, enter your aggregate amount using the convenience code 1295):

1295	Undistributed Contractual Services
1395	Undistributed Supplies and Materials
1495	Undistributed Transfer Payments
1595	Undistributed Continuous Charges
2195	Undistributed Property and Improvements
2295	Undistributed Equipment
2395	Undistributed Plant and Equipment
3195	Undistributed Obligations

For nonpersonal services, use ONLY the designated convenience codes listed here. Do not use any other budgetary nonpersonal services convenience codes, including those in Section D of the Expenditure Structure or elsewhere. (Note: For institutions of higher education, recoveries should include the appropriate recovery subobject code.)

Fund/fund detail information. Include fund information at the program level by fund group. If your agency normally uses fund detail information, include this level of detail in your submission. (NOTE: This is very important since these changes will be incremented against the fund/fund detail data contained in your agency's base budget that you submitted on September 15. If you enter a negative amount for fund/fund detail record that is not in your agency's base budget, the decision package will create an overall negative fund amount which your agency will have to correct.)

Make sure the fund detail used for the requested position(s) aligns with its funding source(s).

Changes between fund sources only. If a decision package makes a shift between fund sources (for either dollars or FTEs) and the net effect of the decision package or change is zero, you do not need to enter a detail subobject record.

Balancing the submission. Before submission, make sure that the total dollars and positions for fund/fund detail at the program level balance to the dollars and FTEs at the subobject level for each decision package. If the decision package contains multiple programs, the same rule applies: Each program must balance for dollars and FTEs at fund/fund detail and at the subobject level.

Numbering the submissions. Number each individual decision package in sequential order according to its unique decision package number (e.g., decision package number 300, decision package number 301, etc.). Be sure to use the same number you use on the Form NJ for each decision package. See "Decision package categories" in these instructions for details on numbering decision packages.

Submitting the data

Submit your data submission using WebBEARS, through DPB's web site. (Go to www.dpb.virginia.gov, then click on the WebBEARS link under "Agency Systems" in the blue column on the left.)

Tips on using WebBEARS:

Most agencies have already obtained a login ID for all staff that will be using the WebBEARS system. If you have not already obtained an ID, you must first complete an "Access Request Form" to provide a login ID and password before using the system for the first time. Simply go to the DPB web site (www.dpb.virginia.gov), click on the WebBEARS link under the "Agency Systems" in the blue column at left then, click on "Access Request Form," and then fill in the required information. Finally, click the "submit" button.)

Remember to use the drop-down menu on the main screen of WebBEARS to select "2006_DecisionPackages" when you enter your data. WebBEARS automatically codes all data for decision packages as Level 2.

WebBEARS has friendly "Help" screens that guide you through the system. If you have technical questions, please contact your budget analyst.

Remember to click on the "Complete submission" button when you are finished with your WebBEARS entry. WebBEARS automatically sends DPB an email when you complete your data submission by clicking on the final "Complete submission" button.

Section 5 - Out-Year Costs Not Included in Decision Packages

Section 2.2-1503.1 of the Code of Virginia requires that the Governor submit a financial plan to the members of the General Assembly for a prospective period of six years. This plan is to consist of:

1. The Governor's biennial budget,

2. Estimates of anticipated general fund and nongeneral fund revenues prepared for an additional period of four years, and

3. Estimates of the general fund and nongeneral fund appropriations required for each major program for an additional period of four years.

DPB recognizes that some agencies may anticipate out-year spending increases or decreases that may not be submitted as part of a decision package. For example, a new building or facility may be coming on line in September 2009 for which operating costs are anticipated. Since additional funding for this new facility is not required in the 2006-2008 biennium, no decision package would be submitted.

To capture any anticipated appropriation needs for the 2008-2010 and 2010-2012 biennia for which your agency is not submitting a decision package, you must submit an Out-Year Cost Estimates Form (Form OYF). This Microsoft Excel form should be used to report significant general fund and nongeneral fund appropriation increases or decreases you anticipate for the four years following the 2006-2008 biennium.

State agencies and institutions of higher education should submit Form OYF in an electronic format to DPB.

A WebBEARS submission is not required for those anticipated out-year appropriation adjustments for which you are not submitting a decision package this year.

S*ee Appendix C of these instructions for more on Form OYF.*

Section 6 – Information Technology Submissions

Decision packages for information technology (IT) projects must be submitted by individual agencies, not by VITA. If any of your agency's proposed amendment packages relate to information technology (i.e., those in the 700-724 category series), you must submit an electronic copy of DPB Form TR-1 Technology Project Profile to DPB by close of business on September 15, 2005 along with the Decision Package Narrative Justification (Form NJ).

Agencies may submit an IT decision package for a major IT project only if the proposed project was also identified in the *Agency IT Strategic Plan for 2006-2008* and included in the September 1 report to the Governor and General Assembly entitled, *Recommended Technology Investment Projects for the 2006-2008 Budget Biennium*. Agencies may submit an information technology decision package for a non-major IT project only if it was also identified as a project in the *Agency IT Strategic Plan for 2006-2008*.

For major IT projects, the total dollar amount on an Information Technology decision brief should not exceed the amount listed by the corresponding technology project in the report. If the request is larger, an explanation must be provided in the Form NJ.

Note: Inclusion of an agency project in the report to the Governor and General Assembly entitled, *Recommended Technology Investment Projects for the 2006-2008 Budget Biennium, September 1, 2005 Submission* is not assurance that it will be funded. For those projects requiring funding, agencies must submit a budget request for the project to be considered for inclusion in the Governor's 2006 budget bill.

Direct any questions regarding the requirements for these submissions to Constance Scott at the Virginia Information Technologies Agency, (804) 371-5927 or e-mail address: constance.scott@vita.virginia.gov.

See Appendix B of these instructions for more about information technology submissions.

Section 7 – Rate Adjustments by Central Agencies

As the Governor's introduced budget is developed, it is necessary for central service agencies to inform DPB of any actions they might propose that could impact the operating budgets of other state agencies in the future. Such actions include any changes to the rates imposed upon other state agencies for intra-governmental services such as telecommunications, office space rentals, or insurance premiums. It is imperative that this information be received in time for consideration and possible inclusion within the Governor's introduced budget**. No change to central service agency rates may be implemented without the prior notification of DPB and inclusion in the Governor's Executive Budget.**

Central service agencies must notify DPB by September 15 about any planned changes to the rates they will assess other state agencies during the 2006-2008 biennium. This notification must include an explanation justifying the proposed rate adjustment, the service rate currently in effect, the new rate being proposed, the unit of measure for the affected service (e.g., square footage of office space, etc.), the total number of units used by each affected state agency, and the effective date of the rate adjustment. Central service agencies should submit the required information in an electronic format on Form RANJ. However, central agencies do not need to make a WebBEARS submission for these rate adjustments unless the rate adjustment impacts their own base budget. If rate adjustments are approved, DPB will make any adjustments for other individual agencies.

See Appendix D of these instructions for more on Form RANJ.

In addition to completing the Form RANJ, the central agency needs to provide a spreadsheet showing the 2006-2008 impact by fiscal year over existing rates for each affected state agency.

Section 8 - Legislative Reporting Requirements

Section 2.2-603 (E) of the Code of Virginia requires each state agency, other than institutions of higher education, to report on the following information annually:

- **Federal grants**. Listing and general description of any federal contract, grant, or money in excess of $1,000,000 for which the agency was eligible, whether or not the agency applied for, accepted, and received such contract, grant, or money, and, if not, the reasons for which it did not apply. (Form FF)
- **Federal spending**. Dollar amount and corresponding percentage of the agency's total annual operating expenditures that were supplied by funds from the federal government. (Form FS)

In addition, Section 4-5.05 c2 of the 2005 Appropriation Act requires all agencies to report on organizational memberships with annual dues of $5,000 or more. (Form OM)

The forms and instructions can be found in Appendix E and on the DPB website http://dpb.virginia.gov/forms/forms.cfm. Once completed, e-mail your submission to:budget@dpb.virginia.gov. Send each form as a separate attachment.

Section 9 – Strategic and Service Area Plan Update

As detailed in instructions released earlier, there are several deadlines coming up for strategic and service area plans. On September 15, 2005, you will need to revise your July strategic plan and service area plans to reflect your decision package requests. At a minimum, you may need to update "changes to base" entry in the service area financial summary tables. This entry must total to your base adjustments, technical adjustments, and decision packages. With the finalization of agency decision packages, it may also be necessary for you to modify, add, or delete service area strategies, objectives, and/or performance measures.

For more information on this, please refer to the Agency Planning Handbook and database template instructions located at http://dpb.virginia.gov/SP/index.htm. Submit the completed (and renamed) database as an e-mail attachment to Strategic.Plans@dpb.virginia.gov before September 15, 2005. You should also copy your DPB Budget Analyst on this e-mail message.

Appendix A

2006-2008 Decision Package Narrative Justification (Form NJ)

Virginia Department of Planning and Budget
August 2005

1. Agency name: ________________________ **2. Agency code:** ________

3. Decision package number: ________ **4. Title:** ________________________

5. Priority of this decision package: ______

Section 1: General Description

6. Summary of cost

Fiscal year	Dollars		Positions	
	GF	NGF	GF	NGF
FY 2007				
FY 2008				
FY 2009				
FY 2010				
FY 2011				
FY 2012				

7. Description

8. Expected outcomes

9. Consequences of funding/not funding

10. Need for request

11. Alternatives considered

12. Are the proposed services, programs, or activities mandated? ☐ **YES** ☐ **NO**

Explanation:

13. Is legislation needed? ☐ **YES** ☐ **NO**

Explanation:

14. Appropriation Act language needed? ☐ **YES** ☐ **NO**

Explanation:

Section 2: Cost of request

15. One-time funding? ☐ **YES** ☐ **NO**

Explanation:

16. Recurring need? ☐ **YES** ☐ **NO**

Explanation:

17. Personal services? ☐ **YES** ☐ **NO**

Position (Role) Title	# of employees	Expected hire date	Band	Starting salary	Annual $ cost of salary & fringe benefits

(Insert additional rows as needed)

Explanation:

18. Nonpersonal services? ☐ **YES** ☐ **NO**

	FY 2007 CHANGE		FY 2008 CHANGE	
Expenditures	**GF**	**NGF**	**GF**	**NGF**
Contractual Services				
Supplies & Materials				
Transfer Payments				
Continuous Charges				
Property & Improvements				
Equipment				
Plant & Equipment				
Obligations				

Explanation:

19. Nongeneral fund sources? ☐ **YES** ☐ **NO** **If YES, fill in table below:**

Revenue Source Code	Fund/ Fund Detail Code	Fund/Fund Detail Title	FY 2007 amount	FY 2008 amount

Explanation:

20. Grant funds? ☐ **YES** ☐ **NO**

Explanation:

21. Methodology for cost of proposal

Section 3: Measuring Results

22. What are the expected results to be achieved if this request is funded?

23. Performance measure in *Service Area Plan*? ☐ **YES** ☐ **NO**

Performance measure(s):

Instructions for completing the Decision Package Narrative Justification (Form NJ)

General information

Please use the Word format provided by DPB.

You can download the format for Form NJ from DPB's web site (go to www.dpb.virginia.gov, then click on the "Documents & Forms" link in the blue column at left, then type in "Decision Package" in the Search window).

Complete a separate narrative justification for each decision package. Please put each narrative justification into a separate document in Microsoft Word.

You must complete all the items. If an item is not applicable, insert "N/A." Do not delete any items.

When you save the completed forms, name them according to the following convention: your agency's three-digit code followed by "NJ" followed by the decision package number. Example: If you are agency 999 and you submit three decision packages numbered 300, 400, and 401, the files would be named 999NJ300.doc*, 999NJ400.doc, and 999NJ401.doc*

Specific information

- **Item 1. Agency name:** Type in the agency name.
- **Item 2. Agency code**. Insert your agency's three-digit code.
- **Item 3. Decision package number.** Use the three-digit category number as specified in "Decision package categories" section of these instructions. It is important that you use the SAME number here that you do in WebBEARS for the "addenda" number.
- **Item 4. Title.** Insert a short descriptive title (no more than 100 characters long). Remember that your title should begin with an action verb such as "increase," "add," "reduce," "transfer," "shift," "expand," etc.
- **Item 5. Priority.** Insert a number here indicating the priority your agency puts on each decision package, with "1" as most important. (Your agency's most important decision package would be numbered "1," next most important, "2," etc. Do not use sub-categories such as "1a" and "1b"). No two decision packages should have the same priority number.

Section 1: General Description

- **Item 6. Summary of cost.** Complete this short table to summarize the overall resources required for the decision package. For each year of the biennium, show the total general fund and nongeneral fund dollars and positions. Show negative numbers (reductions) in parentheses. You must cost out your proposal for six years taking into account one-time and start-up costs. Do not make any assumptions about future salary or fringe benefit cost increases. These will be handled centrally. ***See "Information about Significant Out-Year Costs" in these instructions for more about this.***
- **Item 7. Description.** Summarize the actions your agency proposes to take with the requested dollars or position. If the decision package is for language only, explain what the language will allow the agency to do.
- **Item 8. Expected outcomes.** Describe the anticipated results or outcomes that your agency expects to accomplish if the proposal is approved. What issue or problem are you trying to resolve?
- **Item 9. Consequences of funding/not funding.** Indicate the consequences you expect if your proposal is or is not approved.

- **Item 10. Need for request.** Provide detailed information to indicate the need for the proposed service/program/activity. For example, is there a waiting list for services? If so how long is the wait, how many individuals are on the list, what is the average wait time to receive services? Have demographic, weather, or other factors changed the need for the service/program/activity? Cite quantitative data wherever possible.
- **Item 11. Alternatives considered.** Indicate any other alternatives you considered for accomplishing the objectives and why you selected the proposed action. Briefly list the pros and cons of each alternative.
- **Item 12. Are the proposed services/programs/activities mandated?** Put an X in the appropriate box to indicate if the proposed programs, services, or activities are mandated. If so, indicate what precisely the mandate requires and what is its origin (cite federal or state statutory provisions). **Note:** Requirements of state or federal *regulations* are <u>not</u> considered "mandates." Also, an activity is not mandated if legislation <u>enables</u> or <u>authorizes</u> the activity but does not <u>require</u> it.
- **Item 13. Is legislation needed?** Put an X in the appropriate box to indicate if your request requires a legislative proposal to amend the Code of Virginia. If so, give the proposal identification number and summarize the proposal. If the legislation has not been submitted to the Governor's Policy Office to date, when will it be, and where is it now? Indicate why the legislation is essential for the success of the decision package. If the proposal does not involve any needed legislation, indicate "no."
- **Item 14. Appropriation Act language needed?** Put an X in the appropriate box to indicate if there is a need to add, revise, or delete language in the Appropriation Act. (If so, photocopy the appropriate pages, mark up the changes, and include them as an attachment.)

Section 2: Cost of request

- **Item 15. One-time funding?** If the 2006-2008 request involves additional funding, put an X in the "YES" box to indicate if it represents a one-time need. If the requested expenditures are made up of some one-time and some recurring costs, insert an X in the YES box, but be sure to explain and indicate how much of the request is one-time. Explain why you consider the funding to be one-time.
- **Item 16. Recurring need?** If the funding requested for the 2006-2008 biennium is recurring, put an X in the "Yes" box. If yes, indicate and explain whether funding requirements in the next biennium (2008-2010) will be more or less than the current biennium.
- **Item 17. Personal Services.** Put an X in the appropriate box to indicate if the decision package includes any personal services dollars. If yes, use the table to indicate by category (role) any positions affected (either new positions or positions eliminated), the number of positions requested by role, the anticipated hire date, the pay band, the starting salary, and the annual costs of salary and the associated fringe benefits for each category. Describe how these positions relate to the services to be provided through this proposal (i.e., do these positions provide administrative support or do they deliver direct services?). Be sure to explain any start dates for new positions other than July 10.
- **Item 18. Nonpersonal services.** Put an X in the appropriate box to indicate if any nonpersonal services costs are included in the decision package. If yes, use the table to indicate by major object of expenditure the change in resources your agency is requesting for nonpersonal services. Identify and explain specific expenses such as grants and contracts, operating fixed assets, and debt service. **(Institutions of higher education: Include information to justify any proposed increases in student fees.)**
- **Item 19. Nongeneral fund sources.** Put an X in the appropriate box to indicate if any nongeneral funds are included in the decision package. If "yes," insert in the table the revenue source code, the fund/fund detail code, the title of the fund/fund detail, and the amount required for each year of the biennium. Add additional lines if needed for more revenue source codes or fund details. Also provide in the block marked "Explain below" the methodology used to calculate the nongeneral fund amounts. *Note: Institutions of*

higher education should explain the impact on student tuition and fees of any requests for nongeneral fund dollars.

- **Item 20. Grant funds.** Put an X in the appropriate box to indicate if the decision package involves any grant funds. If the funding source is a grant, describe the formula or explain the methodology used by the grantor to allocate the funds. Describe any federal or local match requirements that will require additional state funding from either general or nongeneral funds and identify the source of the additional match funds. Identify any conditions or restrictions associated with acceptance of the anticipated grants.
- **Item 21. Methodology for cost of proposal.** Provide an explanation of the methodology used to calculate the costs of the proposal. If a proposal requires additional funding to achieve future savings, be sure to address both the time frame and the amounts of the additional costs and the savings to be achieved. Be sure to mention how you figured the out-year costs for fiscal years 2009 through 2012 that you listed in item 6.

Section 3: Measuring Results

- **Item 22. Expected results.** Indicate how you will measure the success of the effort if this proposal were to be funded, giving the specific results that you expect should this proposal be funded. This is the way that one can compare actual results with anticipated results. (See Section 4-5.03 d. of the 2005 Appropriation Act.) Also, please indicate if the effort is a new activity for your agency.
- **Item 23. Performance measures.** Put an X in the appropriate box to indicate if your proposal relates directly to one of your agency performance measures included in your July 15 Strategic and Service Area Plans submitted to DPB. If yes, indicate the measure in the space provided. If no, you should provide a performance measure that is relevant to the proposal. The performance measure should be readily understandable to a non-expert.

Appendix B

DPB Form TR-1 Technology Project Profile

Virginia Department of Planning and Budget
August 2005

A. General Information

1. **Agency Name:** ______________________ 2. **Agency Code:** ______

3. **Project Title:** ______________________

4. **Building(s) Name:** ______________________

B. Technology Project Information

1. **Description of the technology component of the request:**

2. **Enterprise Architecture function(s) affected**

3. **Total Technology Cost Estimate:**

Materials costs	____________
Labor costs	____________
Engineering & Design costs	____________
Other costs (please detail)	
____________	____________
____________	____________
____________	____________
Total technology project cost:	____________

4. **Explain how technology costs estimates were developed:**

5. Explain if not in IT strategic plan:

Instructions for Completing DPB Form TR-1 Technology Project Profile

The DPB Form TR-1 must be prepared in addition to the Decision Package Narrative Justification (Form NJ) for each information technology proposal (regardless of cost and regardless of whether submission is a new initiative or supplement to an existing system), your agency must submit a concurrently to DPB by September 15, 2005.

This form is used to describe the general scope of work and cost estimates for technology projects. This project should have been included in your agency's IT Strategic Plan submitted to the Virginia Information Technologies Agency (VITA). If it was not included, you must explain on the DPB Form TR-1 in Section B, Item 1.

Direct any questions regarding the requirements for these submissions to Constance Scott at the Virginia Information Technologies Agency, (804) 371-5927 or e-mail address: constance.scott@vita.virginia.gov.

If you do not have the in-house expertise to complete this form (especially Section B, Items 3 and 4), please contact VITA at the telephone number above for assistance.

A. General Information

Item 1. **Agency Name.** Enter your agency's name.

Item 2. **Agency Code.** Enter the three-digit code for your agency.

Item 3. **Project Title.** Enter the technology project title.

Item 4. **Building Name(s).** Enter the name of the building(s) in which the technology project is proposed.

B. Technology Project Information

Item 1. **Description of the technology component of the request.** Enter a brief description of the proposed scope of work for the technology component of the project.

Item 2. **Enterprise Architecture function(s) affected:** Identify which Enterprise Architecture functions for your agency that would be impacted if the request was funded.

Item 3. **Total technology cost estimate.** Indicate the technology-related cost of this project, along with the incidental costs of materials, labor, engineering and design, and other costs. Other costs can include such things as the services relating to the analysis, design, placement, training, and monitoring of such equipment or systems.

Item 4. **Explain how the technology cost estimate was developed.** Explain methodology used to develop the technology cost estimate and source(s) of costing information.

Item 5 **Explain if not in IT strategic plan.** If the proposed project was not included in your agency's IT Strategic Plan that was submitted to VITA, please explain why the project was not included, and why it is now needed and impact if not approved.

Appendix C

DPB Form OYF   Out-Year Cost Estimates

Virginia Department of Planning and Budget

A	B	C	D	E	F	G	H	I	J
		FY 2009		FY 2010		FY 2011		FY 2012	
Agency Code	Title	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund
	Total Out-Year Costs:	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Instructions for completing the
Out-Year Cost Estimates (Form OYF)

General information

This form is required **<u>only</u> from agencies** that anticipate an increase or decrease in spending in the out-years (e.g., FY 2009, FY 2010, FY 2011, and FY 2012) that is <u>not</u> part of a decision package for the 2006-2008 biennium. An example would be a building or facility scheduled to open in FY 2009 for which additional operating expenses would be required.

Please use the Excel format provided by DPB. You can download the format for Form OYF from DPB's web site (go to www.dpb.virginia.gov, then click on the "Documents & Forms" link in the blue column at left, then type in "Decision Package" in the Search window).

Your agency should complete only one Form OYF for all of the anticipated out-year costs for your agency. Please email the form to DPB at budget@dpb.virginia.gov.

When you save your completed table, name it according to the following convention: your agency's three-digit code followed by "OYF." Example: If you were agency 999, the file would be *999OYF.xls.*

Specific information

- **Column A. Agency code:** Type in the agency's three-digit agency code. Note, you must repeat the agency code in each row for which you have a projected cost item.
- **Column B. Title.** Insert a short title starting with an action verb that describes the item for which you are reporting anticipated out-year costs.
- **Columns C-J.** For each year (FY 2009, FY 2010, FY 2011, FY 2012), record the anticipated costs of the item from the general fund and from nongeneral funds.

Appendix D

2006-2008 Rate Adjustment Narrative Justification (Form RANJ)

Virginia Department of Planning and Budget
August 2005

1. Agency name:____ **2. Agency code:** __________

3. Decision package number: _______ **4. Title:** ____

5. Description

6. Objectives/results

7. Consequences of not altering rates

8. Need for request

9. Alternatives considered

10. Service rates currently in effect

11. New service rates being proposed

12. Service rate's unit of measure

13. Total number of units used by each agency

14. Projected Revenues under existing rates					
2007	2008	2009	2010	2011	2012

15. Projected Revenues under proposed rates					
2007	2008	2009	2010	2011	2012

16. Effective date of rate adjustment by agency

17. Is the proposed rate change mandated? ☐ **YES** ☐ **NO**

18. Has JLARC approval been received? ☐ **YES** ☐ **NO**

19. Appropriation Act language needed? ☐ **YES** ☐ **NO**
If YES, please explain and show changes:

Instructions for completing the Rate Adjustment Narrative Justification (Form RANJ)

General information

The Rate Adjustment Narrative Justification (Form RANJ) form is required **only from central service agencies** that anticipate a change in their assessed rates for services they provide to other state government agencies.

Please use the Word format provided by DPB. You can download the format for Form RANJ from DPB's web site (go to www.dpb.virginia.gov, then click on the "Documents & Forms" link in the blue column at left, then type in "Decision Package" in the Search window).

Complete a separate narrative justification for each anticipated rate change. Please put each narrative justification into a separate document in Microsoft Word.

You must complete all the items. If an item is not applicable, insert "N/A." Do not delete any items.

When you save your completed table, name it according to the following convention: your agency's three-digit code followed by "RANJ" followed by the decision package number. Example: If you are agency 999 and you submit proposals for two rate adjustments, numbered 300 and 301, the files for these narrative justifications would be *999RANJ300.doc and 999RANJ301.doc.*

Specific information

- **Item 1. Agency name:** Type in the agency name.
- **Item 2. Agency code**. Insert your agency's three-digit code.
- **Item 3. Decision package number.** Use the three-digit category number as specified in "Numbering decision packages" in Section 2 of these instructions.
- **Item 4. Title.** Insert a short descriptive title (no more than 100 characters long). Remember that your title should begin with an action verb.
- **Item 5. Description.** Provide a full description of the actions involved in the proposed rate adjustment.
- **Item 6. Objectives/results.** Describe the anticipated results or objectives your agency expects to accomplish if the proposed rate adjustment is approved. What issue or problem are you trying to resolve? Be as specific as possible.
- **Item 7. Consequences of not altering rates.** Indicate the consequences you expect if the rate adjustment is not approved.
- **Item 8. Need for request.** Provide detailed information to indicate the need for the proposed rate adjustment. For example: Have demographic, vendor prices, or other factors created the need for the rate adjustment? Cite quantitative data wherever possible.
- **Item 9. Alternatives considered.** Indicate any other alternatives you considered to a rate adjustment and why you selected the proposed action. Briefly list the pros and cons of each alternative.
- **Item 10. Service rates currently in effect.** List, by the lowest commonly used unit of service, the rate currently being charged to state agencies. If the rates vary by agency, list all rates to the extent necessary so that the rate may be determined for any and all affected agencies. (Items 10, 11, 12, 13, and 14 may be submitted to DPB on an electronic spreadsheet along with Form RANJ.)

- **Item 11. New service rates being proposed.** List, by the lowest commonly measured unit of service, the new proposed rate to be charged to state agencies. If the rates are to vary by agency, list all rates to the extent necessary so that the rate may be determined for any and all affected agencies.
- **Item 12. Service rate's unit of measure.** Define and describe the units of measure in the adjustment proposal sufficiently for the average lay person.
- **Item 13. Total number of units used by each agency.** List, by the lowest commonly measured unit of service, the expected number of units to be utilized by each state agency.
- **Item 14. Projected Revenues under existing rates.** Provide revenue estimates based on maintaining the current, existing rate structure.
- **Item 15. Projected Revenues under proposed rates.** Provide revenue estimates based under the new, proposed rate structure.
- **Item 16. Effective date of rate adjustment by agency.** List the expected dates the new proposed rate changes are to go into effect for the agencies. If the dates are to vary by agency, list dates by agency.
- **Item 17. Is the proposed rate change mandated?** Check the appropriate box to indicate if the proposed rate change is mandated. If so, indicate what precisely the mandate requires and what is its origin (cite federal or state statutory provisions). **Note:** Requirements of state or federal *regulations* are <u>not</u> considered "mandates." Also, a rate change is not mandated if legislation <u>enables</u> or <u>authorizes</u> the activity but does not <u>require</u> it.
- **Item 18. Has JLARC approval been received?** Check the appropriate box to indicate whether the proposed rate change has been approved by JLARC. If yes, please send DPB a copy of JLARC's approval. If no, indicate when JLARC is expected to consider approval.
- **Item 19. Appropriation Act language needed?** Put an X in the appropriate box to indicate if there is a need to add, revise, or delete language in the Appropriation Act. If yes, insert the affected page(s) of the 2005 Appropriation Act showing deletions marked as a strike-through and additions underlined. Chapter 951 language can be downloaded from the Legislative Information System.

Appendix E: Legislative Reporting Forms

DPB Form FF (2006)

Virginia Department of Planning and Budget

Report on Federal Contracts, Grants, or Money

INSTRUCTIONS

The Code of Virginia §2.2-603(E) requires that agencies report on the availability of federal contracts, grants, or money in excess of $1,000,000 that your agency was eligible for in FY 2005. Fiscal year 2005 is the state fiscal year that began on July 1, 2004, and ended on June 30, 2005.

Agency name: ____________________ **Agency code:** __________

FEDERAL CONTRACTS, GRANTS, OR MONEY

*Revenue Code**	*CFDA Code**	*Short Title*	*Annual $ Amount*	*Yes or No (insert Y or N in the appropriate column)* Applied For	Accepted	Received	*Reason for Not Applying for, Accepting, or Receiving*

* Insert the appropriate Commonwealth revenue source code and the Catalog of Federal Domestic Assistance code.

CONTACT INFORMATION

____________________	____________________	____________________
Name & Title of person completing this form	*Phone number*	*Date*

Virginia Department of Planning and Budget

Report on Federal Spending

INSTRUCTIONS

The Code of Virginia §2.2-603 (E) of the Code of Virginia requires that agencies report the percentage of their spending from federal funds. On this form, report your expenditures (not appropriations) from federal sources for FY 2005 along with your total operating expenditures (all funds). Fiscal year 2005 is the state fiscal year that started on July 1, 2004, and ended on June 30, 2005.

Agency name: ______________________ **Agency code:** __________

FEDERAL SPENDING

Check the appropriate box:

☐ **This agency did not expend any federal funds in FY 2005.**

☐ **This agency expended federal funds in FY 2005.**

If you check this box, complete the following:

Total agency operating expenditures for FY 2005 $ ______________

Amount of FY 2005 expenditures from federal sources $ ______________

Percent of FY 2005 expenditures from federal sources ______________ %

Note: Round percent to one decimal place (Example: 24.6%)

CONTACT INFORMATION

______________________ ______________

Name & title of person completing form *Phone number*

DPB Form OM (2006)

Virginia Department of Planning and Budget

Organizational Memberships of State Agencies

INSTRUCTIONS

Section 4-5.05 of the 2005 Appropriation Act, requires agencies to report on organizational memberships with annual dues of $5,000 or more.

Your agency is requested to provide this information for organizations in which it will hold membership during the current state fiscal year (FY 2006, which began July 1, 2005, and will end on June 30, 2006). You must provide the name of the organization and the purpose of the membership. This information is needed only for membership dues of $5,000 or more.

Agency name: ______________________________ **Agency code:** __________

Name of person completing this form: ______________________________

Organizational memberships during FY 2006

Name of organization	Annual dues	Purpose of agency membership
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		